

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01

PRS-01 AGR-05 AGRE-00 /087 W
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R 270950Z SEP 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 1145

AMEMBASSY BONN

INFO USDOC WASHDC

LIMITED OFFICIAL USE PRAGUE 2803

E.O. 11652: NA

TAGS: BEWT, PFOR, CZ, GW

SUBJECT: HARD CURRENCY LOAN TO CZECHOSLOVAKIA

1. THE WEST GERMAN AMBASSADOR GERHARD RITZEL TOLD ME IN CONFIDENCE ON SEPTEMBER 23 THE CZECHOSLOVAK GOVERNMENT HAD APPROACHED FRG BANKS FOR A LOAN OF U.S. \$200,000,000 WHICH IS NOT ATTACHED TO ANY PROJECT OR PROGRAM. ACCORDING TO RITZEL, THIS WAS FIRST TIME THE CZECHOSLOVAKS HAD MADE SUCH AN APPROACH TO FRG BANKS, EVEN THOUGH THE BANKS WOULD HAVE WILLINGLY GRANTED LOAN IF REQUESTED.

2. HE SAID THE LOAN HAD BEEN APPROVED AND WILL BE HANDLED BY A CONSORTIUM OF FOUR BANKS. CONFIRMATION OF THE LOAN IS EXPECTED TO BE FORMALIZED ON OCTOBER 4, WHEN A CZECHOSLOVAK DELEGATION, STILL AWAITING FRG VISAS IS SCHEDULED TO VISIT THE FRG FOR SIGNING CEREMONY. INFORMATION ABOUT THE LOAN WILL ALSO BE MADE PUBLIC THAT DATE, OR SHORTLY THEREAFTER.

3. COMMENT: DURING DISCUSSION BY NATO DCM'S SEPTEMBER 24,
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SEVERAL NOTED THAT GOC HAS LONG REFRAINED FROM SEEKING

CREDITS IN THE WEST. CZECHOSLOVAKIA, INDEED, HAS
FINANCED IMPORTS FROM HARD CURRENCY AREAS WITH FAR
LESS RESORT TO CREDITS THAN SOVIETS OR ANY OTHER
CEMA COUNTRY, TO OUR KNOWLEDGE. HOWEVER, IN VIEW
OF DEEPENING ECONOMIC DIFFICULTIES, BOTH IN
AGRICULTURE AND INDUSTRY, THAT CONFRONT THE HUSAK
REGIME, PRAGUE MAY HAVE DECIDED THE TIME HAS COME
TO RESORT INCREASINGLY TO LOANS LIKE THAT BEING
PUT TOGETHER BY THE FRG BANK.
BYRNE

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Message Attributes

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Disposition Event:
Disposition History: n/a
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